

## Exhibits 2-4

Documents Confirming Bankruptcy Sale of  
Intellectual Property Assets to Dante  
Pugliese

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Special Counsel for Steven M. Speier,  
Chapter 7 Trustee

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CLERK U.S. BANKRUPTCY COURT  
CALIFORNIA, SD

UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA

In re

PIXELON CORPORATION,  
a California corporation,

Debtor.

CASE NO. SA00-13425-LR

Chapter 7

NOTICE OF MOTION TO CONFIRM SALE OF  
INTELLECTUAL PROPERTY, OR IN THE  
ALTERNATIVE, AUTHORITY TO SELL  
INTELLECTUAL PROPERTY BY AUCTION  
PURSUANT TO 11 U.S.C. §363(b)

Date: August 20, 2001

Time: 3:30 p.m.

Place: Courtroom 5D

PLEASE TAKE NOTICE that on August 20, 2001, at 3:30 p.m. in Courtroom 5D of the United States Bankruptcy Court, Central District of California, located at 411 W. 4<sup>th</sup> Street, Santa Ana, CA, before the Honorable Lynne Riddle, United States Bankruptcy Judge, Steven M. Speier, Chapter 7 Trustee of the above-mentioned Debtor, (hereinafter "Trustee"), will move and does hereby move this court for an order confirming the sale of the estate's right, title and interest in the intellectual property of the estate as is, where is, without warranties and representations, to Dante Pugliese for the sum of \$1,200 or in the alternative, authority to sell the estate's right, title and interest in the intellectual property as is, where is, without warranties and representations, by auction pursuant to 11 U.S.C. §363.

General Background Facts

This case was commenced by the filing of an involuntary Chapter 7 petition on April 24, 2000. Upon the Debtor's application and pursuant to Court order entered on July 10, 2000, the Debtor's bankruptcy case was converted to a case under Chapter 11. On or about December 13, 2000, Steven M. Speier was appointed as Chapter 11 Trustee.

ORIGINAL

1 Upon the Trustee's motion and by Order entered March 6, 2001, the  
2 Court granted the Trustee's motion to convert the Chapter 11 case to  
3 one under Chapter 7. On or about March 8, 2001, the Trustee was  
4 appointed as Chapter 7 Trustee.

5 On or about May 3, 2001, the Trustee filed a Motion for Authority  
6 to: (1) Sell at Auction Property of the Debtor's Estate Pursuant to 11  
7 U.S.C. §363(b); and (2) Employ and compensate Auctioneer (Pope's  
8 Antiques & Auctions, Inc.); Memorandum of Points and Authorities; and  
9 Declarations of Steven M. Speier, Jack Pope and Julie McComb in  
10 Support Thereof ("Motion to Sell"). The Court approved the Motion to  
11 Sell by entered order on May 22, 2001 and the auction was held on May  
12 26, 2001.

13 The Motion to Sell, served upon all creditors, sought to sell the  
14 estate's right, title and interest in equipment, intellectual  
15 property and video library as is, where is, without representations or  
16 warranties, at auction which were sold in two lots. . The assets were  
17 sold in two lots with the personal property being auctioned in Lot 1  
18 and the intellectual property being auctioned in Lot 2.

19 The intellectual property to be auctioned consisted of the  
20 estate's right, title and interest in any and all intellectual  
21 property, as is, where is, without warranty or representation and  
22 included, but was not limited to, computers containing the estate's  
23 interest in its intellectual property relating to media compression  
24 and encoding, playback software, viewer response technology, enhanced  
25 microsoft streaming technology, and individual advertising technology  
26 ("Intellectual Property"). The Debtor's former principal, David Kim  
27 Stanley aka Michael Adam Fenne, has asserted an interest in the  
28 Intellectual Property.

1 The auction of the Intellectual Property was advertised with the  
2 Orange County Register, Los Angeles Times and Press Register from  
3 approximately May 17, 2001 - May 26, 2001. At no time did the  
4 auctioneer or any of the advertisements indicate that this auction  
5 would be "without reserve".

6 Mr. Pope conducted the auction of the Debtor's assets as  
7 specified in the Motion to Sell on May 26, 2001 at Pixelon  
8 Corporation's former facilities located at 31732 Rancho Viejo Road,  
9 Suite D., San Juan Capistrano, California.

10 The Trustee set a minimum bid for the purchase of the  
11 intellectual property at \$5,000 which was announced at the auction to  
12 all bidders. However, at the auction, the only bid received was from  
13 William Kelly in the sum of \$200.00 which was immediately rejected by  
14 the auctioneer. Mr. Pope proceeded to ask Mr. Kelly if he would bid  
15 over \$200 if the Trustee removed the minimum bid amount. Mr. Kelly  
16 informed him that he would not bid over \$200.

17 During the auction, Mr. Pope was approached by Dick Giglio and  
18 Dante Pugliese who expressed interest in purchasing the Intellectual  
19 Property if the minimum bid was eliminated. As a result, the Trustee  
20 was contacted the next business day on May 29, 2001 to see if he would

1 waive the minimum bid. The Trustee indicated that \$200.00 was  
2 insufficient as the purchase price for the Intellectual Property but  
3 requested that the auctioneer inquire if anyone would pay a higher  
4 amount for the Intellectual Property.

5 After various discussions with Mr. Pugliese, Mr. Giglio and Mr.  
6 Kelly, the Trustee obtained a high offer of \$1,200 to purchase the  
7 Intellectual Property.

8 Mr. Kelly claims that he has purchased the Intellectual Property  
9 at the auction for \$200, when Mr. Pope had clearly stated at the  
10 auction that his bid had been rejected. The Trustee did not accept  
11 this bid by Mr. Kelly.

12 From the offers of Mr. Pugliese and Mr. Giglio, the Trustee was  
13 able to obtain the highest price for the Intellectual Property from  
14 Dante Pugliese in the sum of \$1,200. Mr. Pugliese paid \$1,200 to the  
15 Trustee and currently has possession of the Intellectual Property.

#### 16 Confirmation of Sale of Intellectual Property to Dante Pugliese

17 Generally, it is in the Trustee's opinion that the sale of the  
18 Intellectual Property to Dante Pugliese for \$1,200, the highest bid  
19 received, is based upon good business judgment and in the best  
20 interest of the estate and should be confirmed by the court. There  
21 are competing interests in the Intellectual Property which the Trustee  
22 cannot ascertain, the Trustee is only selling his right, title and  
23 interest in the Intellectual Property, as is, where is, without  
24 warranty and representation, the highest bid received at public  
25 auction was \$200 which was rejected, and the funds will be brought  
26 into the estate for the benefit of the creditors.

#### 27 Auction of Intellectual Property as an Alternative

28 In the event the court does not confirm the sale of the  
Intellectual Property to Dante Pugliese, the Trustee requests this  
court to authorize sale of the Intellectual Property at another  
auction pursuant to 11 U.S.C. §363(b).

The Trustee further requests that the Court set a date and time  
for the auction of the Intellectual Property within two weeks of the  
date of the hearing of this Motion to Confirm, or thereafter as is  
convenient to the court, to be held in this courtroom 5D, conducted by  
Trustee's counsel.

The property to be auctioned consists of the same Intellectual  
Property which was attempted to be sold at the auction held on May 26,  
2001 which is described herein as the Intellectual Property, which is  
the estate's right, title and interest in any and all Intellectual  
Property, as is, where is, without warranty or representation and  
includes, but is not limited to, computers containing the estate's  
interest in its Intellectual Property relating to media compression  
and encoding, playback software, viewer response technology, enhanced  
microsoft streaming technology, and individual advertising technology.  
The Debtor's former principal, David Kim Stanley aka Michael Adam  
Fenne, has asserted an interest in the Intellectual Property.

1 The minimum bid for the auction for the Intellectual Property  
2 will be set at \$1,200, which is the last highest offer received by the  
3 Trustee from Mr. Pugliese. These sums have been paid and deposited in  
4 the Trustee's trust account. Thereafter, the sale of the Intellectual  
5 Property is subject to overbid in increments of \$500.00. Anyone  
6 wishing to bid, with the exception of Mr. Pugliese, must present  
7 certified funds in the amount of \$1,700 payable to Steven M. Speier,  
8 Chapter 7 Trustee at the auction. In the event the Intellectual  
9 Property is sold for more than \$1,700, the party purchasing the  
10 Intellectual Property must submit to Trustee's counsel, the remaining  
11 amount owing to the Trustee in certified funds within twenty four (24)  
12 hours of the completion of the auction. In the event that the sums  
13 are not paid within the twenty-four (24) hour period, the next highest  
14 bidder will be declared the successful bidder. In the event there are  
15 no overbids received by the Trustee, Mr. Pugliese shall be deemed the  
16 successful bidder and the Intellectual Property shall be sold to Mr.  
17 Pugliese for \$1,200 as is, where is, without representations or  
18 warranties. In the event Mr. Pugliese is not the successful bidder,  
19 the sum deposited by Mr. Pugliese of \$1,200 will be returned to him by  
20 the Trustee.

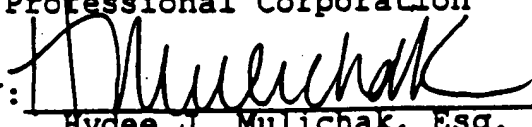
21 Should an auction date be scheduled by the court, the Trustee  
22 intends to serve a notice of the auction date to the United States  
23 Trustee, Debtor, counsel for the Creditor's Committee, Dante Pugliese,  
24 Robert Johnson, counsel for William Kelly and Michael Fenne, William  
25 Kelly, Dick Giglio, and anyone else showing requesting written notice  
26 of their interest in purchasing the Intellectual Property at the  
27 auction.

28 For further information please see the MOTION TO CONFIRM SALE OF  
INTELLECTUAL PROPERTY, OR IN THE ALTERNATIVE, AUTHORITY TO SELL  
INTELLECTUAL PROPERTY BY AUCTION PURSUANT TO 11 U.S.C. 363(b);  
MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF STEVEN M. SPEIER  
AND JACK POPE IN SUPPORT THEREOF on file with the Clerk of the above-  
entitled Court which may be reviewed Monday through Friday from 9:00  
a.m. to 4:00 p.m.

PLEASE TAKE FURTHER NOTICE that pursuant to Local Bankruptcy Rule  
9013-1(1)(g), objections, if any, to this Motion to Confirm must be in  
writing, filed and served upon the Movant not later than 14 days prior  
to the hearing on the Motion. Failure to timely file and serve  
objections may be deemed a waiver of the same.

Dated: July 26, 2001

SAXON, BARRY, GARDNER & KINCANNON  
A Professional Corporation

BY:   
Hydee J. Mulichak, Esq.

Attorneys for Steven M. Speier,  
Chapter 7 Trustee

PROOF OF SERVICE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action; my business address is 4400 MacArthur Boulevard, Suite 700, Newport Beach, California 92660.

On July 27, 2001, I served the foregoing document described as NOTICE OF MOTION TO CONFIRM SALE OF INTELLECTUAL PROPERTY, OR IN THE ALTERNATIVE, AUTHORITY TO SELL INTELLECTUAL PROPERTY BY AUCTION PURSUANT TO 11 U.S.C. §363(b) on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

SEE ATTACHED SERVICE LIST

/X/ [BY MAIL] I am readily familiar with the firm's business practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid at Newport Beach, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

/X/ [FEDERAL] I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on July 27, 2001, at Newport Beach, California.

  
Barbara J. Domingo

In re Pixelon  
SA00-13425-LR

SERVICE LIST

Interested Party

William G. Kelley  
462 Nyes Place  
Laguna Beach, CA 92651

Interested Party

Dick Giglio  
Sales/Purchasing  
Quadrasource, Inc.  
420 W. Sixth Street  
Tustin, CA 92780-4373

Interested Party

Officer, Director, of Member of  
the Board  
Passport Productions, Inc.  
10520 Magnolia Blvd.  
North Hollywood, CA 91601

Interested Party

Robert Grey Johnson, Jr.  
30131 Town Center Drive  
Suite 147  
Laguna Niguel, CA 92677

Interested Party

Dan Pugliese  
c/o Passport Productions, Inc.  
10520 Magnolia Blvd.  
North Hollywood, CA 91601